

**HOWARD COUNTY POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN
HOWARD COUNTY RETIREMENT PLAN**

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

December 2, 2016

A joint meeting of the Retirement Plan Committees for the Howard County Police and Fire Employees' Retirement Plan (the "Police and Fire Plan") and the Howard County Retirement Plan (the "Employees Plan") (jointly, the "Plans") was held on Friday, December 2, 2016 at 9:00 a.m. in the Columbia Ellicott City Room of the George Howard Building, 3430 Courthouse Drive, Ellicott City, Maryland 21043.

Police and Fire Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson
Chief Administrative Officer: Lonnie Robbins
Director of Finance: Stanley Milesky
Budget Administrator: Holly Sun
Representative, Police Department Supervisory Employees:
 Jason Luckenbaugh (Non-Voting Member in Fiscal Year 2017)
Representative, Fire and Rescue Supervisory Employees:
 Vincent Baker (Voting Member in Fiscal Year 2017)
Representative, International Association of Firefighters, Local 2000:
 Richard Ruehl
Representative, Howard County Police Officers' Association, Lodge 21:
 Mark Thomey

Members Absent

None

Employees Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson
Chief Administrative Officer's Designee: John Peterson
Deputy Director of Finance: Rafiu Ighile
Budget Administrator: Holly Sun
Employee Representative: Jeff Bronow
Representative, American Federation of State, County and
 Municipal Employees Local 3080: Kim Drennon
Representative, American Federation of State, County and Municipal
 Employees Local 3085: Dale R. Chase

Member Absent

None

Also present for all or a portion of the meeting were:

Sima Taghavi, Department of Finance
Eric Ralph of Summit Strategies Group
Paul W. Madden, Whiteford, Taylor & Preston L.L.P., Counsel to the Committees
Teresa Reider, Office of Human Resources
Scott Southern, Retirement Assistant, Office of Human Resources
Janssen Evelyn, Office of Law
Angela Price, Assistant Director, Controller

Wanda Hutchinson acted as Chair of the meeting and Paul Madden acted as Secretary. The minutes of the October 27, 2016 meeting were unanimously approved by the members of both Committees.

Wanda Hutchinson noted that there was a very successful roll-out of the participant portal for the Plans on November 18. For the first two weeks, 800 participants logged in and 1,300 calculations were performed. The feedback has been positive and no issues were raised. Wanda Hutchinson distributed copies of the Code of Conduct prepared by counsel and noted that it will be addressed at the January, 2017 meeting.

Next, Dan Kenny, Alex O'Donnell and Tiwa Turton of Cohn Reznick presented the Independent Auditor's Reports and the "Communication with Those Charged with Governance" for the Employees Plan and the Police and Fire Plan for periods ending June 30, 2016. Dan Kenny noted that the Independent Auditor's Reports provide clean opinions for the financial statements of each Plan. It was noted that Cohn Reznick independently confirmed the investments of the Master Trust and reviewed the allocation between the Employees Plan and the Police and Fire Plan. The procedure included looking at contributions for every pay period and sampling benefit payments.

Tiwa Turton discussed the implementation of GASB 72 and GASB 82. GASB Statement No. 72 relates to Fair Value Measurement and Application. The application of GASB 72 is noted in Note 4 - Fair Value Measurement for each Plan. GASB Statement No. 82 includes a small change from "covered participant payroll" to "covered payroll."

Dan Kenny reviewed the Communication with those Charged with Governance for each of the Plans. It was noted that financial statement disclosures are neutral, consistent and clear and no agreements with management arose during the course of the audit. Tiwa Turton also reviewed the risk-based audit approach. After concluding their reports and addressing questions from Committee members and consultants, Mr. Kenny, Ms. O'Donnell and Ms. Turton left the meeting.

Next, Sima Taghavi and Angela Price reviewed the new Investment Monitoring Policy which was provided to the Committee in draft form.

At 11:52 a.m., Melissa Platt, David Hogan and Peter Riviello representing Mondrian Investment Partners Limited ("Mondrian") provided their report on year-to-date performance of the Mondrian International Equity Fund ("Fund") and other issues affecting Mondrian. Mr. Hogan noted that Mondrian was founded in 1990 and has approximately \$61 billion in assets under management. This includes \$16 billion in international equity funds. There have been no significant management changes. Ms. Platt described the investment process as "income-oriented value approach. The investment approach involves fundamental research of companies, their competition and their customers. The Fund has a long-term focus resulting in low turnover and reduced transaction costs. The Fund aims to reduce meaningfully high real returns and to preserve capital during global market declines. Returns are expected to show lower volatility than the MSCI EAFE index. Ms. Platt noted that over the 10 years ended September 30, 2016, the Fund achieved close to benchmark performance in bull market quarters and significantly outperformed the benchmark in bear markets. The total return over the 10-year period was 2.6% as compared with the benchmark performance of 1.8%. Ms. Platt also looked at year-to-date performance during which the Fund earned 4.8% as compared with the benchmark performance of 1.7%.

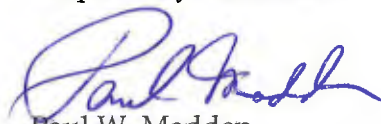
In describing what worked and what did not, Ms. Platt noted that the Fund was in the right market but the wrong currency. Stock selection was very strong. It was also noted that the Fund's dividend yield of 4.1% is significantly higher than the EAFE's yield of 3.3%. After completing their presentation and answering questions from the Committee and consultants, Ms. Platt and Messrs. Hogan and Riviello left the meeting.

Next, Eric Ralph provided the Investment Performance Review for the Master Trust through September 30, 2016. Eric noted that the Fund returned 3.30% for the quarter and 9.56% year-to-date. Both represented close to median performance. In reviewing allocations, Eric noted that the Fund was underweighted in U.S. equities as compared with its peers and overweighted in international equities. The overweights and underweights were not helpful during the third quarter.

Next, Eric Ralph provided the 2016 liquidity review as required by the Investment Policy Statement for the Master Trust. For the fiscal year ended 2013, the Master Trust paid combined benefits of \$31.6 million and had total employer ending contributions of \$45.9 million. Thus, the Master Trust has a positive cash flow of \$14.3 million. The Master Trust has investments that are illiquid or have limited liquidity in the total amount of \$221 million which represents 26.42% of the Fund. Summit Strategies concluded that there are no liquidity concerns at this time.

There being no further business, the meeting adjourned.

Respectfully submitted,


Paul W. Madden
Secretary of the Meeting